

## Message Text

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ACTION EB-08

INFO OCT-01 ISO-00 AF-10 ARA-10 EA-10 EUR-12 NEA-10  
OIC-02 IO-13 AGRE-00 CEA-01 CIAE-00 COME-00  
DODE-00 FRB-03 H-01 INR-07 INT-05 L-03 LAB-04  
NSAE-00 NSC-05 PA-01 AID-05 SS-15 STR-05 ITC-01  
TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01 /142 W  
-----007256 141330Z /46

P R 141225Z OCT 77  
FM AMEMBASSY NEW DELHI  
TO SECSTATE WASHDC PRIORITY 6722  
INFO AMEMBASSY OTTAWA  
AMEMBASSY CANBERRA  
AMEMBASSY STOCKHOLM  
AMEMBASSY TOKYO  
AMEMBASSY BONN  
AMEMBASSY PARIS  
AMEMBASSY ROME  
AMEMBASSY BRUSSELS  
AMEMBASSY LONDON  
AMEMBASSY BRASILIA  
AMEMBASSY MONROVIA  
AMEMBASSY CARACAS  
AMEMBASSY SANTIAGO  
AMEMBASSY LIMA  
AMEMBASSY NOUAKCHOTT  
USMISSION GENEVA

LIMITED OFFICIAL USE NEW DELHI 14555

E.O. 11652: N/A  
TAGS: EMIN, UNCTAD, IN  
SUBJECT: UNCTAD COMMODITIES: IRON ORE

REF: (A) STATE 237249, (B) NEW DELHI 13055 (NOTAL)

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1. REF B REPORTED VIEWS OF MINCOMMERCE OFFICIAL (KHURANA)  
MOST DIRECTLY INVOLVED IN INDIA'S IRON ORE TRADE. ECON COUNSELOR  
AND EMBOFF HELD FURTHER DISCUSSION OF PROSPECTS FOR UPCOMING  
UNCTAD MEETING WITH MINCOMMERCE JOINT SECRETARY SHUKLA (RESPON-  
SIBLE FOR UNCTAD AFFAIRS) OCTOBER 14.

2. SHUKLA READILY ACKNOWLEDGED THAT BUFFER STOCKING OF IRON ORE

WAS OUT OF THE QUESTION. THIS DID NOT MEAN, HOWEVER, THAT THERE WAS NO PURPOSE TO UNCTAD MEETING. THERE WERE A NUMBER OF "OTHER MEASURES" WHICH IT WOULD BE WORTHWHILE TO PURSUE IN UNCTAD CONTEXT. FIRST AMONG THESE HE MENTIONED ROLE OF LONGTERM COMMITMENTS. WHILE LONGTERM CONTRACTS ALREADY PLAYED A LARGER ROLE IN IRON ORE TRADE THAN IN OTHER COMMODITIES IN INTEGRATED PROGRAM, THERE WAS STILL ROOM FOR DISCUSSION OF HOW SYSTEM COULD BE IMPROVED AND MADE MORE ADVANTAGEOUS FOR DEVELOPING COUNTRY EXPORTERS, HE FELT. SECONDLY, MEETING SHOULD LOOK AT HOW THE PARTICIPATION OF LDC SHIPPING IN IRON ORE TRADE COULD BE ENHANCED.

3. LASTLY, SHUKLA SAID TIME HAD COME FOR INTERNATIONAL COMMUNITY TO DETERMINE WHETHER THERE WAS ANYWAY "PRICE REMUNERATIVE TO PRODUCERS" FOR IRON ORE COULD BE KEYED TO PRICE OF STEEL. HE HASTENED TO SAY HE DID NOT MEAN INDEXATION (PRESUMABLY IN THIS CONTEXT HE REFERRED TO A POSSIBLE LINK TO AN INFLATION, AVERAGE PRICE OF IMPORTS, OR SOME OTHER INDEPENDENT INDEX). UNCTAD HAD BEEN STUDYING THE IRON ORE PRICE QUESTION FOR SOME TIME. WHILE FEW IF ANY POSITIVE CONCLUSIONS COULD BE DRAWN BECAUSE OF THE STRUCTURE OF THE IRON ORE MARKET, IT HAD BEEN PROVED THAT THERE WAS NO RELATIONSHIP BETWEEN THE PRICE OF IRON ORE AND THE PRICE OF STEEL. THE POSSIBILITY OF ESTABLISHING SUCH A RELATIONSHIP SHOULD BE PURSUED, HOWEVER.

4. SHUKLA REITERATED KHURANA'S VIEW THAT THE IRON ORE MEETING WAS IMPORTANT TO INDIA. HE WOULD BE MOST DISAPPOINTED, HE SAID, LIMITED OFFICIAL USE

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IF THE DISCUSSIONS WERE TO COME TO AN END AT THIS POINT, AS THEY APPARENTLY HAD FALTERED AFTER THE MANGANESE MEETING. THE LATTER HAD FAILED BECAUSE THE PARTICIPANTS HAD NOT BEEN WILLING TO FOCUS THEIR DISCUSSION ON LIMITED, SPECIFIC ASPECTS OF THE TRADE WHICH COULD PRODUCE SOME BENEFIT TO THE LDC PRODUCERS, SUCH AS BENEFICIATION. HE HOPED THE IRON ORE MEETING WOULD NOT SUFFER FROM THE SAME ERROR.

5. GOI PARTICIPATION IN THE MEETING WILL BE HANDLED BY THE NEW ECONOMIC MINISTER IN GENEVA, PREM KUMAR. SHUKLA HAD HOPED TO SEND A SPECIALIST FROM THE MINERALS AND METAL TRADING CORPORATION (MMTC), BUT "THERE WASNT A BODY AVAILABLE".  
GOHEEN

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NNN



## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
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**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Message ID:** 8ac35b2f-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 STATE 237249, 77 NEW DELHI 13055  
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**Review Withdrawn Fields:** n/a  
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**TAGS:** EMIN, IN, UNCTAD  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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